

## Message Text

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ACTION AF-06

INFO OCT-01 ISO-00 EB-07 L-03 INR-07 SP-02 SS-15 /041 W

----- 111095

R 031711Z MAR 76

FM AMEMBASSY MONROVIA

TO SECSTATE WASHDC 9242

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STADIS////////////////////////////////////

FOR AF/W

E.O. 11652: N/A

TAGS: BDIS, LI

SUBJECT: FIRESTONE'S TAX PROBLEM WITH GOL

1. EMBASSY FIRST BECAME AWARE OF FIRESTONE'S TAX PROBLEM WHEN CHARGE LEARNED THROUGH FIRESTONE LOCAL EMPLOYEE WHO WAS GOSSIPING WITH CHARGE'S WIFE IN EARLY FEBRUARY THAT TWO HIGH LEVEL FIRESTONE OFFICIALS FROM AKRON WERE VISITING LIBERIA IN CONNECTION WITH FIRM'S TAX PROBLEM. FIRESTONE OFFICIALS HAVE NEVER MENTIONED THIS MATTER TO EMBOFFS EVEN WHEN CHARGE AND DEPUTY ASSISTANCE SECRETARY BLAKE CALLED ON PRESIDENT JOHN P. CARMICHAEL OF FIRESTONE PLANTATIONS CO. AT HARBEL ON FEB. 12.

2. EMBOFF RECENTLY CALLED ON ALRAY SUMPTER, AMERICAN BLACK, WHO IS FINANCE MINISTRY'S FIRECTOR OF AUDIT AND INSPECTION DIVISION AND WHO SERVED AS THE MINISTRY'S CHIEF NEGOTIATOR ON THIS MATTER. SUMPTER SAID THAT FIRESTONE'S BOOKS HAD NOT BEEN AUDITED FOR PAST 8-10 YEARS. STEVE TOLBERT, DECEASED MINISTER OF FINANCE HAD INSTIGATED AUDIT IN EARLY 1975. AUDIT, WHICH COVERED THREE ACCOUTING YEARS NOVEMBER 1, 1971 TO OCTOBER 31, 1974, WAS COMPLETED IN OCTOBER 1975. FIRESTONE WAS THEN PRESENTED WITH TAX BILL OF DOLLARS 2.3 MILLION ON NOV. 1, 1975.

TAXPAYER IS NORMALLY GRANTED 30 DAYS TO PAY. FIRESTONE WAS ABLE TO OBTAIN AN EXTENSION SINCE INTENSIVE NEGOTIATIONS WERE UNDER WAY. FINANCE FINALLY AGREED TO COMPROMISE ASSESSMENT OF

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DOLLARS 1.4 MILLION. ACCORDING TO SUMPTER UNDER LIBERIAN

STATUTE OF LIMITATIONS FIRM IS POTENTIALLY LIABLE FOR UP TO SEVEN YEARS BACK TAXES. SUMPTER ADDED IN CASES LIKE THIS GOL USUALLY FORGIVES THESE BACK TAXES UPON PAYMENT OF ASSESSMENT. FOR EXAMPLE, ON CLAIM FOR DOLLARS 4 MILLION IN BACK TAXES FROM LIBERIA MINING CO(REPUBLIC STEEL) SEVERAL YEARS AGO, LMC SETTLED BY PAYING DOLLARS 2 MILLION. AT THAT TIME, GOL DID NOT PRESS FULL CLAIM FOR PAYMENT OF BACK TAXES ALLOWED UNDER STATUTE OF LIMITATIONS.

3. COMMENT: THE EMBASSY HAS NOT HAD BENEFIT OF HEARING FIRESTONE'S SIDE OF TAX CASE NOR IS IT FAMILIAR WITH TECHNICAL POINTS OF ACCOUNTING INVOLVED IN DISPUTE. IT SEEMS TO EMBASSY, HOWEVER, THAT GOL HAS BEEN RATHER ACCOMMODATING TO FIRESTONE. UNLESS DEPARTMENT HAS ADDITIONAL INFORMATION GERMANE TO DISPUTE, IT SEEMS THAT THIS MATTER SHOULD BE DEALT WITH CIRCUMSPECTLY.

4. ACTION REQUESTED: SHOULD DEPARTMENT DECIDE TO INFORM FIRESTONE OF FOREGOING IN RESPONSE TO FIRM'S REQUEST FOR ASSISTANCE, EMBASSY WOULD APPRECIATE BEING APPRISED OF FIRM'S REACTION.  
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